

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

April 1, 1959

CIRCULAR NO. A-50

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Executive branch action on reports by the General Accounting Office on audits and investigations

1. Purpose. Agencies of the executive branch have regularly given careful attention to reports made by the General Accounting Office in connection with its audits and investigations. This Circular establishes a uniform policy and procedure for such consideration by agencies of the executive branch, including where appropriate the initiation of follow-up action and the subsequent filing of a statement of views and results with the Bureau of the Budget.

2. Policy on General Accounting Office reports. The General Accounting Office has the responsibility for making independent audits and investigations of the agencies and functions of the executive branch. General Accounting Office reports, although varying in form and scope, often contain good independent reviews of executive branch operations as well as significant findings. In some cases, suggestions and recommendations are offered for changes in laws, policies, methods, and procedures.

Findings, suggestions, and recommendations in the reports will be given careful consideration by the respective agencies of the executive branch. The agencies are not obliged to accept these findings, suggestions, and recommendations. However, it is the intention that systematic consideration of the reports result in constructive action on every recommendation where such action is appropriate from the viewpoint of the executive branch.

3. Action by the agencies. The head of each agency shall provide for the systematic consideration of all General Accounting Office reports on the work of his agency -- both those on which agency statements are required by paragraph 4 below and those additional General Accounting Office reports on which agency statements are not required. When review in the agency indicates that action would be appropriate, the head of the agency shall promptly initiate such action. Where the action requires clearance by a central agency of the Government, or where it requires action regarding legislation or appropriations to put it in effect, the agency will proceed through the usual channels.

4. Requirement for agency statement to the Bureau of the Budget. Within 60 calendar days after formal transmittal of a General Accounting Office report to the agency, the head of the agency will comment on it

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to the Bureau of the Budget whenever the report is addressed to the Congress, to a congressional committee, or to the agency head by the Comptroller General.

Such a statement is not required on reports addressed to subordinate officials of an agency, or transmitted by subordinate officials of the General Accounting Office, unless specifically requested by the Bureau of the Budget. The statement may be omitted if none of the points mentioned in paragraph 5 is applicable to the report.

5. Content of agency statement. The statement to the Bureau of the Budget required by paragraph 4 shall be submitted in an original and 3 copies and will cover the following points regarding the General Accounting Office report:

- a. If specific recommendations to the President, to the Congress, or to the Bureau of the Budget are included, the agency head should indicate his views on them and state what events, if any, have taken place with respect to the subject concerned since the time the report was prepared.
- b. If the report contains financial statements which are accompanied by a qualified audit opinion, or a disclaimer of opinion -- as distinguished from an unqualified opinion -- that they fairly present the financial position and results of operations, the agency head should explain the steps he is taking to remove the difficulties insofar as they are within the power of the agency to correct.
- c. If the report indicates a violation of law, the agency head will explain his views, and if a violation of law is established, he will state what is being done to prevent recurrence. If additional agency action is required (as in the case of violations of the Antideficiency Act, Section 3679 of the Revised Statutes, as amended), the agency head will include comments on the status of his action in this respect.
- d. If the report contains significant findings or recommendations to the agency, the agency head will give a brief statement of his views on them and the current status of the matter. It will not be necessary to cover those findings where the report itself indicates that sufficient corrective action has been taken.

Copies of correspondence with the General Accounting Office may be used, where appropriate, in reporting to the Bureau of the Budget on

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the above items (see paragraph 6). If action is incomplete at the time the statement is made to the Bureau of the Budget, a supplementary statement should be made when the matters outstanding are disposed of.

6. Relationship to comments on a preliminary draft of a report. In some cases, the General Accounting Office furnishes to the agency concerned a preliminary draft of its proposed report and invites comments prior to the time that the report is put into final form. The agency statement required by this Circular relates to the actual report, not to preliminary drafts. However, where the final report and the preliminary draft are substantially the same, the agency head may submit to the Bureau of the Budget copies of his comments on the draft, but he must also submit such additional data as required by paragraph 5 above.

7. Specific reports to congressional committees. Occasionally congressional committees request an agency head to express views in writing on a General Accounting Office report. In such cases, two copies of the communication to the committee will be promptly furnished to the Bureau of the Budget for its information. Where the communication to the committee includes an expression of views on proposed or pending legislation, it will be subject to coordination and clearance in advance in accordance with the regularly established procedures set forth in Bureau of the Budget Circular No. A-19. Similarly, where a statement of agency views deals with matters pertaining to other agencies or with executive budget policies, four copies of the proposed communication will be furnished to the Bureau of the Budget for coordination in advance of transmittal to the committee.

8. Effective date and transitional requirement. This Circular is effective with respect to reports issued by the General Accounting Office after April 1, 1959.

In some cases, the Bureau of the Budget may desire comments on a General Accounting Office report which was issued before April 1, 1959. Such comments will be requested in writing and will be due within 60 calendar days after the request. The information desired will be along the lines indicated in paragraph 5 unless otherwise specified in the request.

By direction of the President:

MAURICE H. STANS  
Director

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